

**MINUTES**  
**REGULAR BOARD OF DIRECTORS MEETING**  
**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**Wednesday, April 18, 2018**  
**8:00 a.m.**

**1. Call to Order**

The Board of Directors meeting of Three Valleys Municipal Water District (TVMWD) was called to order at 8:00 a.m. at the TVMWD office located at 1021 East Miramar Avenue, Claremont, California. The presiding officer was President Bob Kuhn.

**2. Pledge of Allegiance**

The flag salute was led by President Bob Kuhn.

**3. Roll Call**

Roll call was taken with a quorum of Board present. Directors Brian Bowcock and Dan Horan were excused from today's meeting.

**Directors Present**

Bob Kuhn, President  
David De Jesus, Vice President  
Joe Ruzicka, Treasurer  
Carlos Goytia, Director  
John Mendoza, Director

**Directors Absent**

Brian Bowcock, Director (excused)  
Dan Horan, Director (excused)

**Staff Present**

Rick Hansen, General Manager  
Steve Kennedy, Legal Counsel (ar. 8:25 a.m.)  
Liz Cohn, Senior Financial Analyst  
Maria Contreras, Administrative Assistant  
Ray Evangelista, Engineer  
Mario Garcia, Chief Engineer/Operations Officer  
Kirk Howie, Chief Administrative Officer  
Steve Lang, Water Operations Manager  
James Linthicum, Chief Finance Officer  
Ben Peralta, Project Engineer

Guests and others present: Roger Bradley, City of Claremont; Tom Coleman, Rowland Water District; Paul DiMaggio, Suburban Water Systems; Director Ted Ebenkamp, Walnut Valley Water District; Director Ed Hilden, Walnut Valley Water District; Erik Hitchman, Walnut Valley Water District; Ben Lewis, Golden State Water Company; Director Tony Lima, Rowland Water District; Debbie Linthicum, Guest of James Linthicum; Director Szu Pei Lu-Yang, Rowland Water District; Dean McHenry, League of Women Voters; Darron Poulsen, City of Pomona; Brian Teuber, Walnut Valley Water District; Dave Warren, Rowland Water District

**4. Additions to Agenda**

President Kuhn inquired if there was a need to add items to the agenda. Staff did not have a need to add items to the published agenda.

## 5. Reorder Agenda

President Kuhn inquired if there was a need to reorder the agenda. Staff did not have a need to reorder the published agenda.

## 6. Public Comment

President Kuhn called for any public comment. There were no requests from audience members to address the Board.

## 7. Consent Calendar

The Board was asked to consider the consent calendar items (7A-7I) for the April 18, 2018 Board meeting that included: (7A) receive, approve and file, March 2018 Minutes for March 7, 2018 and March 21, 2018; (7B) receive, approve and file financial reports and investment update March 2018; (7C) receive, approve and file FY 2017-18 Project Encumbrance; (7D) approve Resolution No. 18-04-821 Permitting the Los Angeles County Registrar Recorder/County Clerk to Render Election Services for the November, 6, 2018 election; (7E) approve Resolution No. 18-04-822 concurring in the nomination of Jo Mackenzie, Vista Irrigation District to the CSDA Board of Directors; (7F) receive and file Calendar Year Imported Water Sales, March 2018; (7G) receive and file Miramar Operations Report, March 2018; (7H) approve cancellation of the May 2, 2018 regular board meeting; (7I) LAFCO Election Results for Special District Representative/Alternate.

Upon motion and second the floor was opened for discussion. There being no discussion, President Kuhn called for the vote.

**Moved: Ruzicka; Second: Goytia**  
**Motion No. 18-04-5173 – Approving Consent Calendar Items 7.A – 7.I for April 18, 2018. The motion passed by a 5-0 vote, with Directors Bowcock and Horan absent.**

## 8. General Manager's Report

### 8.A Resolution No. 18-04-823 – Modification of Maximum Annual Reimbursement Limit

The Board was asked to consider modifying the maximum annual reimbursement limit from \$6,000 to \$7,500 as reviewed during the April 4, 2018 Board Meeting. The annual reimbursement limit was last adjusted in 2006 by Resolution No. 06-03-539. If approved, this action will be effective immediately and Resolution No. 18-04-823 will supersede Resolution No. 06-03-539.

Upon motion and second the floor was opened for discussion. There being no discussion, President Kuhn called for the vote.

**Moved: De Jesus; Second: Ruzicka**  
**Motion No. 18-04-5174 – Approving Modification of Maximum Annual Reimbursement Limit. The motion passed by a 5-0 vote, with Directors Bowcock and Horan absent.**

## **8.B FY 2018-19 Budget Approval, Version 1.2**

The Board was asked to consider approval of the FY 2018-19 Budget Version 1.2. Since the FY 2018-19 budget was introduced during the March 7, 2018 workshop, it has come before the Board and member agencies twice. The only additional adjustment from Version 1.1 was to the director expenses line item as approved previously by Resolution No. 18-04-823, an addition of approximately \$10,000.

Other highlights included:

- No plans to take on any debt;
- Focus will be on water supply reliability in both capital and five-year forecast;
- Will improve leverage of cost on deliveries from the Miramar Treatment Plant with an estimated increase of approximately 600/AF demand annually over the next five years;
- Standby charge continues to be relatively stable and it is not expected to reach the maximum rate of \$29.41 for at least eight years;
- Capacity Charge/Peak Flow Rate is at the lowest since being introduced;
- Reserves will exceed minimum target levels by end of CY 2018;

Upon motion and second, the floor was opened for discussion. There being no discussion, President Kuhn called for vote.

**Moved: Ruzicka; Second: Goytia  
Motion No. 18-04-5175 – Approving FY 2018-19 Budget, Version 1.2. The motion passed by a 5-0 vote, with Directors Bowcock and Horan absent.**

## **8.C Resolution No. 18-04-824 – CY 2019 Water Rates and Charges**

The Board was asked to consider approval of Resolution No. 18-04-824 adopting the CY 2019 Water Rates and Charges. Based upon the previously approved budget for FY 2018-19, TVMWD will apply a -\$10/AF discount to treated water delivered. This is the second consecutive year that TVMWD has been able to reduce MWD's treated water rate. TMVWD will apply a \$0 surcharge to all untreated water delivered during CY 2019. As clarified beginning with the CY 2017 water rates and charges, untreated water delivered may be subject to additional charges from other agencies depending upon the connection and basin used for delivery.

A minor adjustment was made to the TMVWD Fixed Charges Summary. An updated copy was provided at the dais. The website will be updated with the corrected copy of the Fixed Charges Summary.

Upon motion and second, the floor was opened for discussion. There being no discussion, President Kuhn called for vote.

**Moved: Ruzicka; Second: Mendoza  
Motion No. 18-04-5176 – Approve Resolution No. 18-04-824 CY  
2019 Water Rates and Charges. The motion passed by a 5-0  
vote, with Directors Bowcock and Horan absent.**

#### **8.D Resolution No. 18-04-825 FY 2018-19 Standby Charge, Initiate Procedures**

The Board was asked to consider approval of Resolution No. 18-04-825 to initiate the procedures for the FY 2018-19 standby charge. MWD adopted their readiness-to-serve standby charge during their April 10, 2018 meeting. The draft engineer's report was received from Willdan Financial Services that showed a slight reduction to the number of TVMWD EDU's. Because of this adjustment, the FY 2018-19 standby charge will be increased slightly to \$18.79. Since the past meeting, Mr. Kennedy has reviewed the timeframe from notice of intent to adoption and discovered there is a not a 60-day requirement from initiation to adoption.

Upon motion and second, the floor was opened for discussion. There being no discussion, President Kuhn called for vote.

**Moved: De Jesus; Second: Goytia  
Motion No. 18-04-5177 – Approve Resolution No 18-04-825 FY  
2018-19 Standby Charge, Initiate Procedures. The motion  
passed by a 5-0 vote, with Directors Bowcock and Horan  
absent.**

#### **8.E Legislative Update, April 2018**

The Board was provided an update on legislation that TVMWD has supported and opposed as follows:

##### **Support**

AB 2050 (Caballero) – This bill proposes sustainable governance for small water systems through the formation of a water authority for small systems. Bill will be heard in Assembly Legislative Committee next week.

SB 929 (McGuire) – This CSDA sponsored bill supports better public access and website transparency.

##### **Oppose**

AB 1778 (Holden) – The intent of the bill is to assist cities with the recovery of economic funding through redefining of the redevelopment agencies previously dissolved in 2012. TVMWD's opposition is based upon the potential loss of incremental tax revenues of approximately \$200,000-\$300,000 annually. TVMWD relies upon these revenues for capital projects. Following discussion, staff was encouraged to reach out to the legislator and to share the impact this bill would have.

AB 3037 (Chiu) – This bill is similar in content to AB 1778 with some opportunities provided for the incremental tax revenues to be returned to the district.

AB 1876 (Frazier) – TVMWD has joined a coalition in preparing its opposition to this bill that fails to recognize a statewide approach under the Delta Stewardship Council, established in 2009 (DSC). This bill would abolish the DSC and replace it with the Delta Protection Commission, which is comprised primarily of northern California interests, causing the elimination of the current checks and balances in place with the DSC.

AB 2543 (Eggman) – The overarching purpose of this bill is to stall or eliminate the California Water Fix. TVMWD has joined a coalition in opposition.

AB 2697 (Gallagher) – This bill encourages water transfers and efficient use of surplus water to water storage, however, the accountability behind the transfers would be eliminated.

SB 623 (Monning) – This bill is in year two of its two-year cycle and represents a water tax/public use charge. If passed, this bill will establish a fund for disadvantaged communities through collection of a public use charge from other special districts.

#### **8.F Approve Director Expense Reports, March 2018**

The Board was asked to consider approval of the March 2018 director expense reports. Reports were not included for Directors Horan and Kuhn.

Upon motion and second, the floor was opened for discussion. There being no discussion, President Kuhn called for vote.

**Moved: Ruzicka; Second: De Jesus**  
**Motion No. 18-04-5178 – Approve Director Expense Reports, March 2018. The motion passed by a 5-0 vote, with Directors Bowcock and Horan absent.**

#### **9. Directors' / General Manager Oral Reports**

The Directors reported on activities at various meetings they attend on behalf of TVMWD.

**9.A Local Agency Formation Commission** – Director Ruzicka reported on the recent LAFCO Commissioner meetings. At this meeting, LAFCO completed deliberations on the merger of four water agencies in the Castaic Lake area. Conditions were set concerning future operations. Director Ruzicka reported on the outcome of the election for the next term. Director Ruzicka and Jerry Gladbach were both elected by the Independent Special Districts Selection Committee for a new four-year term commencing May 8, 2018. The vote outcome was 27/30 for Mr. Gladbach and 22/28 for Mr. Ruzicka. Mr. Hansen informed that Paul Novak, Executive Director of Los Angeles Local Area Formation Commission (LAFCO) will be the speaker at TVMWD's May 31, 2018 Leadership Breakfast.

**9.B Main San Gabriel Basin Watermaster** – Mr. Hansen reported on the last meeting. The operating safe yield was set at 150,000 AF. This basin is a very valuable asset with upcoming opportunities under consideration for local sources, imported water sources and replenishment water sources. A new RDA revenue stream has been initiated to help with water purchases and project identification.

The current operating range at the key well is below the 200-250' maximum at approximately 183'.

**9.C Six Basins Watermaster** – The next meeting is scheduled for April 25, 2018. Six Basins Watermaster Chair, Darron Poulson informed that at the last meeting a report was provided by Mr. Bob Bowcock regarding his representation of Vulcan Materials and his desire to intervene in the Six Basins Watermaster judgment. To become a part of the judgment, one must be an actual producer in the basin. The importance of this statement is the land that Vulcan owns that is seeking to become part of the judgment is north (upgradient) to the Six Basins.

**9.D San Gabriel Valley Water Quality Authority** – Director Kuhn reported that a contingency will be in Washington DC beginning Tuesday, April 24, returning Thursday, April 26. The work is continuing in the Capitol to look at revisions to potential earmarks prior to the end of the current legislative cycle. If this is passed, the San Gabriel Valley may receive an additional \$70 million to be used for water quality remediation. These funds have been previously approved, but not released.

**9.E Chino Basin Watermaster** – Director Kuhn reported the operating safe yield is still pending. Mr. Poulson announced from the audience that the current holdup is related to language amendments to other related agreements. Mr. Kennedy reported that the court reviewed the request by the CBWM Agricultural Pool to become a party to the current appeal working its way through the courts, and that the court has issued an order declining this request without prejudice to apply again at another time. The stay on the appeal has been extended an additional 90 days to finalize the term sheet language and enter into a settlement agreement.

**9.F Pomona City Council** – Director Mendoza reported on the recent city council meeting. Staff has been directed to prepare a strategic water plan and to provide new water rate studies to the city council.

**9.G San Gabriel Valley Council of Governments** – Director Goytia reported that the next meeting is scheduled for April 19.

**9.H Metropolitan Water District** – Director De Jesus reported on information from the most recent board and committee meetings on April 9-10, 2018.

- The MWD board voted on a 61/39% margin to approve the California Delta Fix at its full project study of dual tunnels at a cost more than \$230-\$250 million. Director De Jesus extended his gratitude for the support he received in helping to move this initiative forward.
- The MWD board voted to adopt their two-year budget for FY 2018-19 and FY 2019-20 budget.

#### **9.I Additional Board Member or Staff Reports / Comments**

- The May 2, 2018 regular board meeting is cancelled.

## 10. Future Agenda Items

There were no requests for future agenda items.

## 11. Adjournment

The Board adjourned at 9:11 am to its next regular meeting scheduled for Wednesday, May 16, 2018 at 8:00 am.

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/s/ Bob Kuhn  
*President, Board of Directors*  
Three Valleys Municipal Water District

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Transcribed from tape by: Victoria A. Hahn,  
District Clerk/Executive Assistant